GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

UNSTARRED QUESTION NO:2627
ANSWERED ON:21.03.2005
INDEBTEDNESS OF FARMERS
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Will the Minister of AGRICULTURE be pleased to state:

(a) whether the Government is aware that the input intensive `Green Revolution` has led to increase the cost of production which has resulted in indebtedness of farmers, who are selling their agricultural land to pay off their debt and moving to cities as labourers;

(b) whether the Government has any proposal to protect the interest of farmers by giving loan to them; and

(c) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI KANTILAL BHURIA):

(a) The input intensive Green Revolution has not only increased cost but has also increased productivity, which has reduced unit cost, i.e., cost of production per quintal. As such, `Green Revolution` cannot be considered as the reason for indebtedness and related problems like migration to cities.

(b) and (c) Following Finance Minister`s announcement on 18.06.2004, the debt restructuring to be done by commercial banks, Regional Rural Banks (RRB`s) and cooperative in accordance with the new guidelines issued by the Reserve Bank of India (RBI) and National Bank for Agriculture and Rural Development (NABARD). The measures are given in the enclosed statement.

Statement

Farmers in distress- Debts of farmers as on 31 st March, 2004 in districts declared as calamity-affected by the State Government concerned will be rescheduled/restructured. Interest outstanding in the accounts of such borrowers will be clubbed with the principal outstanding on March 31, 2004, and the amount thus arrived at shall be repayable over a period of five years, at current interest rates, including an initial moratorium of two years.

Farmers in arrears- Loans in default of farmers who have become ineligible for fresh credit as their earlier debts have been categorized as sub-standard or doubtful will be rescheduled as per the guidelines issued by NABARD/RBI so that such farmers become eligible for fresh credit.

Other for small and marginal farmers- Guidelines for increasing the flexibility of banks and cooperatives to grant a one-time settlement (OTS) for small and marginal farmers who have been declared as defaulters and have become ineligible for fresh credit from lending institutions will be issued by RBI/NABARD. Management of banks and cooperatives will be advised to review cases where credit has been denied on the sole ground that a loan account was settled through compromise or write offs. In some parts of the country, farmers face acute distress Commercial Banks have extended loans to 10306 farmers indebted to informal sources like money lenders to redeem their debt with them and provided Rs. 33.00 crore upto 31st January, 2005.